

21 July 1967

General Guidelines for Annex E

The SSDSG would like to have Annex E, "Economic Trends and Prospects," be consistent with the treatment used in the overall study report. The emphasis in the latter has been upon analysis and interpretation and, where possible, a projection of trends. The authors of Annex E may also wish to consult the basic study, "Near East, North Africa and the Horn of Africa: A Recommended American Strategy", to insure that their contribution parallels the SSDSG report.

There follows a discussion which could form the basis for an outline.

I. Overview of the Area

This section should provide the reader with a quick picture of the overall environment. It should avoid an encyclopaedic listing of economic facts and, instead, focus on an interpretive analysis highlighting significant factors of strength and weakness in the economic environment of the region. Where possible, this should be done on a regional or sub-regional rather than a country by country basis. It should include an assessment of the economic role of external powers. It should be focused on such topics as:

- A. Social, cultural and demographic factors;
- B. Agricultural patterns;
- C. Available natural resources and raw materials, with special emphasis on:
- D. Petroleum; and
- E. Industrialization.

As an indication of the types of coverage we have in mind, under (A) such aspects as shortage of modern entrepreneurial talents, cultural antipathy to physical labor, uncontrolled drift to the cities and population pressures should be considered. Petroleum, being of prime importance in the area, should receive treatment in depth.

State Dept. review completed

II. Post-hostilities Situation

The SSDSG is not concerned with the immediate settlement of the Arab-Israel War. However, Annex E should weigh the economic effects of that war, particularly with regard to the positions of the UAR, Israel and Jordan. Some of the resulting disruptions may persist for some time to come. The Annex should emphasize these aspects.

III. Problems in Economic Development

The SSDSG anticipates that amidst the political flux of the next five years the drive to modernization will continue. This section should analyze the problems that exist in this drive for modernization and should touch upon such aspects as: domestic capital availabilities, foreign investment, government attitudes, trade patterns, and paucity of resources. The purpose here should be to emphasize the problems and opportunities for the U.S. that will arise in local efforts to modernize.

IV. Trends and Projections in the Foregoing Factors, 1967-1972

The SSDSG study (of necessity) deals with political, cultural, and military considerations through 1972. It is desirable that Annex E project and analyze the economy of the study area in a comparable manner. This section should touch upon those aspects of economic modernization which are likely to arise and may affect prospects for economic development. Emphasis should be placed upon those developments which could influence Western and particularly U.S. interests in the area.